

Electric Affordability Program.

Rather than outline a specific proposal at this time the Department believes that it would be most useful to outline critical considerations and specific concepts that can help shape the Board's thinking when proposing a specific program.

The program is designed for residential energy burden relief and as such the primary burden should be on the residential class of customers.

The Board should keep in mind that there are two variables that affect affordability, the cost and usage of electricity and the relative income of each household. VT has been characterized in this process as having one the lowest levels of affordability. While providing a subsidy or reduction in electric bills can help, it cannot resolve the earned income level in a given household or the effects of other household expenses on affordability. Therefore at whatever level the Board may deem reasonable support, it should be kept in mind how much of charge should be imposed against all ratepayers given these other considerations.

There will be data available from the Affordability Study with respect to overall public support for low-income households. This data should be incorporated into any comparison with other states that now offer affordability programs.

The program should utilize a flat fee structure. In contemplating the various options the Department has worked with a variety of numbers. One proposal was for a flat fee structure of \$1.00 for residential, \$3.00 for commercial and \$100.00 for industrial, per account per month.

The Department weighed proposals serving individuals up to 125% of the Federal Poverty Level (FPL) against those serving individuals up to the 150% of the FPL. There are advantages to either, given a finite amount of money, the former allows deeper discounts for the neediest of population and lines up with LIHEAP eligibility guidelines and the latter allow a larger, though shallower safety net.

The program should have a built in incentive for conservation. It is important when considering affordability to make usage part of the equation. There are two possible ways to approach this, one through a single block of usage being discounted (i.e. average residential usage of approx. 600Kwh) or alternately using a descending discount mechanism (i.e. 30% of the first 500Kwh, 15% of the remaining usage).

Discounts for the program should run in tiers following income guideline, the deepest discounts be given to those at the lowest level of poverty. If the 125% of FPL is used a two tier program would work and the 150%FPL guideline was used a three tier discount would be more appropriate.

A strong connection between the affordability program and energy efficiency should be created that directs leveraged money from the EEU to the highest usage accounts.

Without data from utilities regarding current residential arrearages it is virtually impossible to outline what an effective solution would be. In general the Dept. leans towards an initial partial forgiveness program and then would be interested in seeing the ramifications of a program that matched consumer payments.